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GENERAL

1. USSR may open Geneva conference with Indochina proposal:

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[redacted] informed the American consul in Geneva on 21 April that [redacted]

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[redacted] had stated the Soviet delegation's "opening proposal" at Geneva will include: (a) an immediate cease-fire in Indochina; (b) discontinuation of all foreign aid to both belligerents; and (c) truce negotiations to be conducted exclusively between the Viet Minh and the Vietnamese without the participation of France or any other power.

Comment: The reliability of this report cannot be judged.

It is possible, however, that the Communists will introduce a dramatic proposal for an immediate cease-fire in Indochina at the opening of the conference in an attempt to destroy Western unity on the question of the priority of the Korean issue at Geneva.

In view of the Communists' apparent concern about the possibility of internationalization of the Indochina war, it appears likely that they would seek to attach to a cease-fire offer a condition that all foreign aid be discontinued.

It is unlikely that the Communists desire to exclude France from truce negotiations. They have always insisted that an Indochina settlement can be reached only by direct negotiations between France and the Viet Minh.

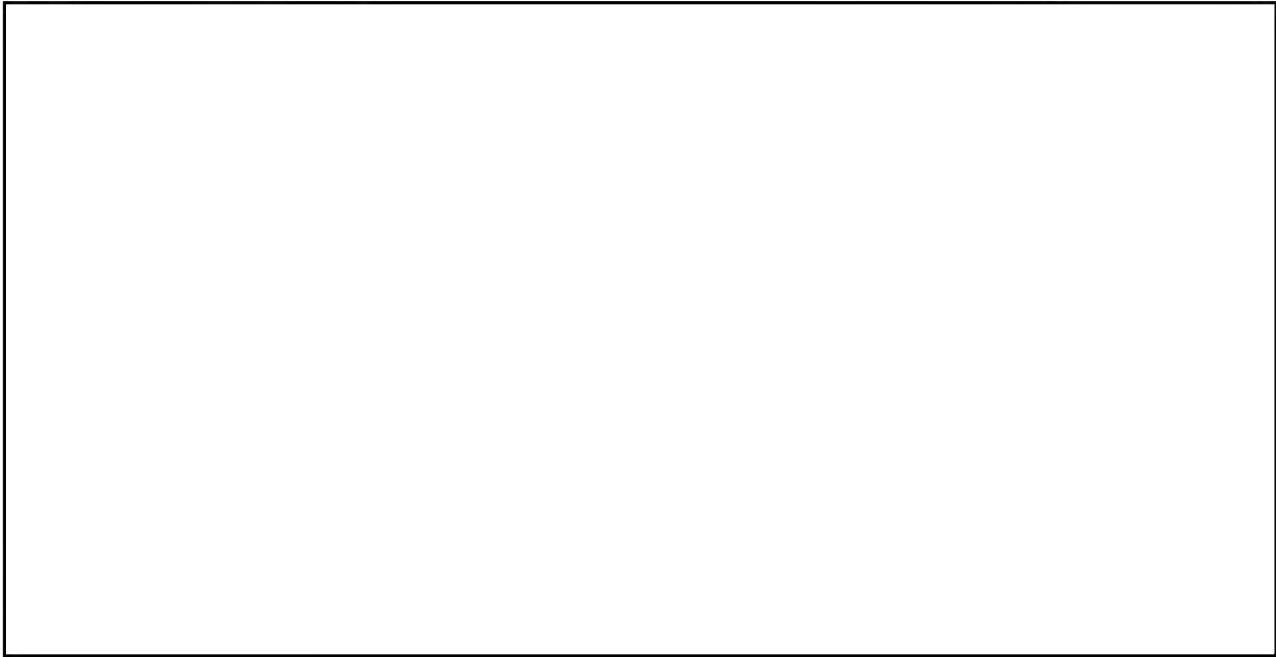
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3. Radiotelephone link established between Nanning and Moscow:

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A Nanning newspaper smuggled to Hong Kong reports that a long-distance radiotelephone link was to be opened on 15 February between Moscow and Nanning in South China. The stated purpose was to "cope with the present needs of industrial development."

Comment: Nanning is the principal base for Chinese Communist aid to the Viet Minh. The new service is almost certainly designed to allow the Chinese to keep Moscow more rapidly informed of developments relating to Indochina, and to supplement existing communications links to Moscow via Peiping.



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## FAR EAST

### 4. Japanese debt negotiation seen critical for American relations:

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[REDACTED]

Forthcoming negotiations in Tokyo for the settlement of Japan's two-billion-dollar debt to the United States for aid furnished during the occupation will impose a serious strain on American relations, according to Ambassador Allison. He warns that the violent anti-Americanism provoked by the atomic radiation incident and the continued serious deterioration of the Japanese economy have further complicated a situation already made difficult by Japanese concern over reparations and increased defense expenditures.

Allison believes that if the current political scandals cause the Yoshida government to fall, any succeeding administration will seek to divest itself of charges of subservience to the United States by opposing settlement of the debt.

Comment: The receipt of this aid was never approved by the Diet and thus technically is not a recognized debt--a convenient argument for those who oppose repaying it. The negotiations are also certain to revive Communist claims that the United States profiteered on "spoiled" and surplus food distributed during the occupation.

## SOUTHEAST ASIA

### 5. Navarre sees early "asphyxiation" of Dien Bien Phu:

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[REDACTED]

General Navarre believes that as a matter of "military mathematics," Dien Bien Phu will fall by "asphyxiation," perhaps in a week or ten days, according to Commissioner General Dejean in Saigon. The central redoubt and airstrip are under heavy artillery fire and the enemy's entrenchment system grows constantly tighter. The steadily dwindling drop zone makes resupply increasingly difficult.

Laos is not considered feasible by Navarre, Dejean states. He could find a maximum of nine battalions for this effort, but deficiencies in his air arm would prevent its success.

Dejean also states that in General Cogny's opinion, the Viet Minh could "prepare an onslaught" on the Tonkin delta within ten days after Dien Bien Phu's fall.

Comment: Viet Minh forces now within the Tonkin delta have not yet exerted their maximum capabilities, but they could not by themselves effect complete control over this key area. The redeployment of the enemy forces from Dien Bien Phu to the delta would require at least a month during good weather and longer during the rainy season.

6. France accepts "revolutionary" terms for Vietnamese independence:

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The negotiations on Vietnam's independence have for all practical purposes been successfully concluded, Vietnamese officials told American representatives in Paris on 20 April. They said that France has accepted "revolutionary suggestions" contrary to the provisions of the French constitution.

Although the treaties will not be signed until the economic and financial conventions are ready, the Vietnamese believe that successful conclusion of the talks could be announced before the Geneva conference.

Comment: An affirmation of complete independence would strengthen the West's position at Geneva insofar as it undercut Communist charges that Vietnam is a puppet and would remove much Vietnamese suspicion of the French.

Announcement that France has accepted "revolutionary" terms would, however, presumably increase the pressure on the French government for an Indochina solution at Geneva. A National Assembly resolution passed by a large majority in March stated that France would be relieved of its responsibilities in Indochina if the French Union were not maintained according to the provisions of the constitution.

7. French officials fear anarchy in Cambodia:

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The American embassy in Saigon reports that high French officials there fear Cambodia is heading for anarchy. General de Langlade, a member of Navarre's staff, said that with the king's "hysterical decision" to relinquish command, the Cambodian army became leaderless except for the nominal command of Tiou Long, the defense minister. Commissioner General Dejean referred to the "rudderless condition of the ship of state" and demoralization in the army and said that the few French-officered battalions provide the only bulwark against Viet Minh penetration.

Comment: The Cambodian government, despite its inexperience, has widespread popular support which it can rally against the Viet Minh as a foreign movement. The army, however, would be hard-pressed by a determined Viet Minh campaign. In the past, French officials have been notably overoptimistic regarding Cambodian stability.

8. French see need for US intervention in Indochina if Geneva fails:

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If the Geneva conference fails to produce an Indochina solution, American naval and air intervention will be necessary for France to continue prosecution of the war, according to Secretary of State for the Associated States Jacquet. He told Ambassador Heath that no French military authority has any hope of victory in the present situation. He added that the cabinet group supporting Premier Laniel's policy of war until an honorable peace can be negotiated is committing political suicide, but will continue to take the risk if there is a prospect of military victory.

Defense Minister Pilev told Heath on 21 April that if Geneva fails to produce a settlement, France will not continue the war. He implied that a full partnership with the United States would make continuation of the French effort possible, but that air support alone, no matter how great, would not be enough. He indicated that he has a poor opinion of the military prospects of "united action" with other nations.

Both French officials pointed out that Geneva is the center of French hopes. Jacquet said that the cabinet expects the conference to fail, but Pleven seemed to think that a solution might be possible through partition of Vietnam.

Comment: Public opinion in France rules out a request for American intervention now. Should Geneva fail, however, the prospect of a Dunkirk or negotiations with a militarily strong Viet Minh would leave no alternative but an appeal for American or UN intervention. The above-reported remarks may have been intended in part to convince the United States of the need for a more flexible position at Geneva.

#### NEAR EAST - AFRICA

##### 9. Amount of compensation held key to American-Libyan base agreement:

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Minister Villard in Tripoli believes that the outcome of current negotiations for American military base facilities in Libya depends on the amount of annual compensation Libya is offered.

Villard is convinced that an annual payment of approximately \$10,000,000 is the minimum that Libya will now accept in return for bases. He notes that Prime Minister Ben Halim, as well as his two predecessors, has intimated that Libya will not accept less from the United States than it receives from Britain. The Anglo-Libyan treaty of 1953 provided for the annual payment of about \$11,000,000 in return for military facilities.

Comment: The British facilities in Libya are much more extensive than those desired by the United States.

Libyan officials have frequently indicated during the past two years that the annual payment of \$1,000,000 provided for in the draft base agreement initialed in December 1951 was not acceptable.

As a consequence of the prolonged delay in obtaining an agreement, American requirements for base facilities in Libya were recently reduced.

WESTERN EUROPE

10. Bonn may desire American and British intervention on Saar:

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[Redacted]

There is only a "slim" chance that France and West Germany, meeting alone, will be able to reach a Saar agreement prior to the 18 May deadline set by the French government, according to a West German Foreign Ministry spokesman. He noted, however, that the present talks are the first in which "experts really got down to grips" on certain economic provisions of the projected agreement.

Comment: Bonn probably hopes that the United States and Britain will soon intervene in the Saar negotiations. The present French timetable for EDC ratification assumes that the present discussions will sufficiently narrow the areas of disagreement so that by mid-May Foreign Minister Bidault and Chancellor Adenauer will be able to resolve the remaining points at issue.

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